

GLOBAL PAYOUT, INC.

Innovative Global Payments and Prepaid Platform Leader

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GLOBAL PAYOUT, INC. (OTC:PK – GOHE - \$0.05)

Price Target: \$0.14

Rating: Speculative Buy

COMPANY SNAPSHOT

Global Payout, Inc. is a management consultant services company and program manager offering companies electronic payment and prepaid card solutions. Global Payout has a product line of prepaid products that can be utilized off the shelf or the company can customize payment solutions for qualified businesses. Through Global Payout's processors and solution providers, the company offers both international and domestic payment solutions. Additionally, Global Payout offers an electronic payment platform that enables the transfer of money to bank accounts, credit and debit cards, prepaid cards and remittance locations, worldwide.

KEY STATISTICS

Price as of 9/17/13	\$0.05
52 Wk High – Low	\$0.15– 0.01
Est. Shares Outstanding	98.7M
Market Capitalization	\$4.9M
3 Mo Avg Vol	35,000
Exchange	OTC:PK

COMPANY INFORMATION

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INVESTMENT HIGHLIGHTS

Global Payout, Inc. is at the apex of the huge global electronic payments and prepaid card industry. VISA notes that the global prepaid card market alone could be as high as \$3 trillion annually.

Following three years of development, Global Payout offers the most comprehensive, efficient and cost-effective solutions in the marketplace. This is especially the case for multi-national corporations that require a consolidated, real-time electronic payment platform along with prepaid cards.

The Company just introduced its flagship MoneyTrac Consolidated Payment Gateway (CPG) and is already implementing companies onto the platform. Investors should expect that most contracts for this flagship offering will average in the six figures and that GOHE has little direct competition, relative to the functionality/cost ratio, especially abroad. Plus, with little direct competition, GOHE's margins are likely to be higher than its domestic peers.

Management's depth of experience, large technology lead time, and breadth of services sets it apart from other global players in the space. Through the first 7+ months of the year, GOHE loaded \$2.57M just on international prepaid cards and has a large prospect list for new prepaid and CPG business.

As milestone events occur in the form of new contracts in the coming months, we believe that this low-float stock could reach \$0.14 in the next year. Plus, with a first-mover advantage abroad, and top-line growth to potentially reach north of \$5M in the next couple of years, we believe that a profitable GOHE could emerge as an attractive M&A target. Thus, we rate these shares Speculative Buy.



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COMPANY OVERVIEW

Tracing its roots to 2009, Global Payout, Inc. is a management consultant services company and program manager offering companies electronic payment and prepaid card solutions. Initially, Global Payout began operations as a business-to-business provider of U.S. pre-paid debit cards for payroll and general spend programs under the MasterCard®, Visa® and Discover® identities. However, during 2011, management switched gears electing to leverage its expertise and experience in the industry by playing the role of quarterback on behalf of corporations and marketing organizations requiring custom stored value and worldwide payments solutions via an electronic wallet.

Management recognized that the market lacked a real platform that offered a new solution for large companies with an international presence in need of a global-capable payment system. Shifting to this new, innovative approach has positioned Global Payout with a first-mover advantage in a high-growth and more profitable segment of the market. Importantly, this strategy differs from those firms participating and competing in the traditional business and consumer provider role in a crowded space lacking differentiation.

Today, Global Payout has a product line of prepaid products that can be utilized off the shelf or the company can customize payment solutions for qualified businesses. Through Global Payout's processors and solution providers, the company offers both international and domestic payment solutions. Additionally, Global Payout offers an electronic payment platform that enables the transfer of money to bank accounts, credit and debit cards, prepaid cards and remittance locations, worldwide. This platform took three years to develop and has significant advantages over the competition, including the nearly instantaneous transfer of funds abroad to any designated account or card at extremely competitive pricing, along with the availability of a comprehensive suite of management and accounting features and add-ons not offered by other firms.

While there are a number of companies that perform various functions and target specific markets, we believe that given the management team's expertise and experience, Global Payout is best positioned for the greatest success. For example, most firms in the space either specialize in domestic or international cards or electronic payment systems. As the only firm that has successfully merged all of these features into an attractively priced consolidated platform, Global Payout is on the cusp of signing many six-figure contracts and emerging as a leader in the international electronic payment and prepaid card platform arena.

The Company is already implementing customers onto the platform, and through the first 7+ months of the year, GOHE loaded \$2.57M just on international prepaid cards and has a large prospect list of firms of all sizes, for new prepaid and CPG business.

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GLOBAL PAYOUT KEY OFFERINGS

Global Payout offers products and services in over 200 countries globally. Below is a listing and summary for each major product category.

The Flagship: MoneyTrac Consolidated Payment Gateway (CPG)

Image 1 is a chart illustrating a sample process for the MoneyTrac CPG system from Global Payout which provides clients with both off-the-shelf and customized payment options through a worldwide payment solutions platform tied to banks, card associations and payment processors



Global Payout’s Consolidated Payment Gateway Platform

Image 1: MoneyTrac CPG System
 Source: Global Payout, Inc. Website

The Global Payout system provides a platform for customization, access and payments to international and domestic bank accounts, debit cards and other payment systems in 200 countries. The MoneyTrac CPG system also addresses a number of unique banking requirements by supplying payroll, personal spend, and expense reimbursement solutions to companies throughout the world. This allows employees, contractors, commissioned salespeople and vendors to be paid securely and on a timely basis.

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The complementary payroll and remittance features offer customers some of the following benefits:

- An international and domestic payment account for all employees, contractors, affiliates and suppliers in a timely and efficient system.
- Cash savings and the elimination of checks by paying individual accounts in real-time.
- The supply of a USD based and/or Euro based prepaid debit card to vendors who need it to access cash at millions of ATMs and retailers worldwide.
- An alternate means for vendors to directly receive money in their bank accounts or directly to an existing debit or credit card.
- FX conversions in local country currency.
- International and Domestic Merchant Processing

At the end of the day, customers are seeking out the MoneyTrac CPG for the implementation of a highly secure payments network to seamlessly pay a firm's employees, members, suppliers and contractors wherever they are located in the world. The CPG system also has a built-in management console that allows clients to manage permission levels and provides real-time cash operations transaction tracking. This can be implemented by country, by division or at a single point of control or in any configuration required to control payments going out of as well as coming into the organization.

MoneyTrac: Domestic Prepaid Cards

Image 2 is a digital rendering of the Company's MoneyTrac prepaid card. All of these cards offer:

- Lower Processing Fees, No Overdraft Fees, No Minimum Balance
- Convenience and Safety of Prepaid Discover® Cards.
- Cash Rewards & Healthcare Discounts.
- Applicant's debit cards are engraved in the name of the account holder and can be shipped directly to the cardholder or bulk-shipped to the company
- Free Direct Deposit & Cash Loading at over 60,000 Green Dot® Retail Locations
- The card allows customer to make purchases at the point of sale, the internet, etc.

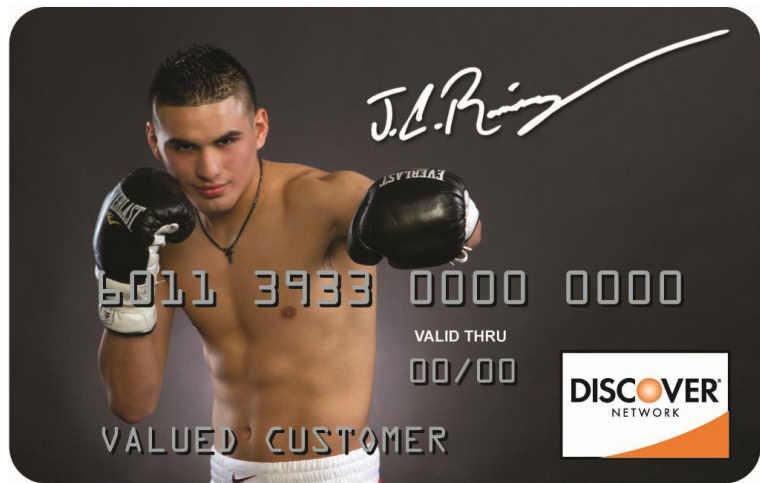


Image 2: Sample MoneyTrac Prepaid Discover® Card

Source: www.GlobalPayout.com

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Custom and Co-Branded Prepaid Cards



Images 3 and 4: Olympic Boxer Jose Ramirez Featuring Co-branded/Custom Cards

Source: www.GlobalPayout.com

Images 3 and Figure 4 illustrate the co-branded and custom pre-paid cards featuring a promotion with famed U.S. Olympic Boxer Jose Ramirez. Global Payout offers the opportunity for businesses to customize or co-brand a card that identifies their organization or product focus.

European Chip and Prepaid Cards

Global Funding Ltd., a United Kingdom company and wholly owned subsidiary of Global Payout, Inc., introduced a Chip and PIN prepaid card for European and international companies who have employees, agents and members located worldwide. The Euro Global Prepaid Cards are both chip and PIN protected, to allow safer and more convenient access to money worldwide. These cards are designed for overseas travel and allow use of the Global Euro Prepaid Card, just like a debit card, at any merchant, including restaurants, shops and entertainment venues. The Global Euro Prepaid Card can also be used at ATMs worldwide.

International Bank and Prepaid Cards

In our view, this offering runs a close second to the CPG, given the unique advantages of its relationships, which has resulted in an impressive amount of money already loaded on these cards since the beginning of the year. The benefits of this program are outlined below:

- Global Payout's bank partner is a Caribbean bank and is licensed to issue both \$USD and €EUR denominated debit cards.
- Global Payout's bank partner issues and processes all transactions internally, is fully regulated & compliant with all banking regulations and has over 10 years of experience.



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- Each applicant receives a full global bank account (requires two forms of identification); personal appearance is not required.
- Applicant's debit cards are engraved in the name of the account holder and can be shipped directly to the cardholder or bulk-shipped to the company
- The card allows customer to make purchases at the point of sale, on the internet, etc.

Merchant Processing Accounts

These accounts enable overseas customers to pay in their own currency when settling accounts with vendors, rather than in the home currency, which is an important feature. Global Payout leverages a network of over 20 international banks all with decades of experience in the payment processing field.

THE GLOBAL PAYOUT EXECUTIVE TEAM

James L. Hancock - Chief Executive Officer, Director

Jim Hancock was elected to the Board of Directors and CEO on December 3, 2010. From 2003 to 2006, Jim launched over 25 Visa and MasterCard Prepaid Card programs through MetaBank as the issuing bank and Symmetrex as processor. In 2007, Mr. Hancock was hired by Continuum Payment Solutions, Inc. an international payment processor, as Director of Business Development. He was responsible for integrating new multi-national companies with virtual payment and Visa®/MasterCard® payout solutions. In 2009, Mr. Hancock founded Global Payout, Inc. and became Chief Executive Officer of Global Payout. Mr. Hancock earned a Juris Doctorate from California Western School of Law, San Diego, CA in 1977 and a Bachelors of Business Administration from Southern Methodist University, Dallas, TX in 1973. Mr. Hancock served in the Armed Forces and was honorably discharged from the U.S. Army in 1972 holding the rank of E-5.

William M. Rochfort – President, Executive V.P. Sales and Marketing

Named the Company's President in mid-August 2013, Bill Rochfort leads the Company's sale and marketing efforts. Bill has over 25 years of experience that includes executive leadership roles building and growing top-end sales and technical support organizations in network services, SaaS applications, outsourced business services, and professional services. The field environment covered a broad range of national start-ups to global concerns. Bill is responsible for helping shape the vision of the Company and building and supporting a network of international distributors, master agents, channel partners, and VARS to accelerate the expansion of global sales.



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Gil Hooper – Board Director, Senior Vice President

Gil Hooper was appointed to the Board of Directors in October 2011 and is a Senior Vice-President for Global Payout. Mr. Hooper, an international payments sales and marketing professional, brings with him an extensive resume including international banking, debit card issuing and processing, eWallet systems, cross border remittance and mobile payment applications. He is currently the CEO of Boundless Payment Solutions, Inc. and the Managing Partner of 3G Consulting, both financial systems companies headquartered in San Diego but operating globally. He also is a co-founder and principal partner in a lending organization headquartered in Mexico City called Mi Adelanto and, through the 3G organization, an issuer of debit cards throughout Mexico. He has offices in San Diego, Mexico City and London.

Joseph Michael Sebo – Chief Financial Officer, Secretary, Director

His personal investment experience and experience with his clients include stocks, bonds, exchange traded funds (ETF's), mutual funds, closed-end funds, commodities (gold, silver, pork bellies, live cattle, sugar and lumber); limited partnerships including commercial and residential real estate, motion pictures, oil and natural gas; and, Private Placement experience including real estate, live cattle feeding operations, airline passenger jets, RFID (Radio Frequency Identification), and trash recycling

Jack Chang – Senior VP - Business Development

Mr. Jack Chang is an inventor, a businessman and an entrepreneur. He is a pioneer of modern banking automation - having invented bankcard encoding and embossing systems (1979), the ATM (co-inventor - 1972), various forms of EFTS (Electronic Funds Transfer System; 1980+), first POS and PC-based bank teller system (1987) and other technologies and markets

Cesar Paz – VP of Business Development

Cesar Paz brings international leadership expertise in sales, marketing and technology innovation. He has experience working with multiple processors – FIS, 12Qc, BanX, CardFlex - in both the US and Latin America Market. He worked as a Program Manager for CardMart Inc., one of the pioneers in the prepaid card business. Cesar also serves as the President of LMR Corporation a company based in Los Angeles area and that company has several business relations that can help to develop the objectives of Global Payout, Inc.

Alex Resnevs – *VP of Operations*

Alex Resnevs has over 15 years of management experience including companies at the local and national level. His career began in Colorado while attending Colorado State University. Subsequent promotions provided Alex the opportunity to work throughout multiple states until finding a home in Southern California. Alex has considerable experience in the hospitality industry managing large multi-million dollar restaurants. His background includes managing daily operations of personnel, logistics and customer service.



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RISK FACTORS

In our view, GOHE's biggest risk is execution risk in the international markets. Customer churn, card inactivity and implementation delays remain ongoing risks for GOHE and all of the companies in this arena. However, the Company has already secured important relationships in the space which should help it overcome issues that might be more problematic for other firms. Execution risks noted above could push meaningful revenue generation out to a later date, or result in a smaller initial ramp, thus impacting revenue and product sales/recurring revenue goals. Slower sales penetration as a result of competition from larger firms or even from newer entrants is a typical concern and is also consistent with firms of GOHE's size and standing. Still with a big head start and a comprehensive offering that customers cannot cost-effectively secure elsewhere, we view this risk as minimal at this time. Finally, GOHE operates in a highly regulated environment and any new regulations that impair the Firm's ability to succeed remain an unlikely, but possible concern down the road.

CONCLUSION

In our view, with an enviable and highly profitable platform, Global Payout, Inc. is at the apex of changes in the huge domestic and international electronic payments and prepaid card industry. VISA notes that the global prepaid card market alone could be as high as \$3 trillion annually.

Following three years of development, Global Payout now offers the most comprehensive, efficient and cost-effective solutions in the marketplace. This is especially the case for multi-national corporations that require a consolidated, real-time electronic payment platform along with prepaid cards. When we originally initiated coverage of these shares in April 2012, the CPG was still under development. Now that it is available for sale and is being heavily marketed, it is clear that the Company has completed the development phase and is singularly focused on signing as many new customers as possible.

As a result, we believe that the current share price is an excellent entry point for a company that has reached a key inflection point in its evolution and one that should soon pay dividends with each new very profitable six-figure contract. Moreover, management's depth of experience, large technology lead time, and breadth of services sets it apart from other global players in the space. As milestone events occur in the form of new contracts in the coming months, we believe that this low-float stock could reach \$0.14 in the next year. Plus, with a first-mover advantage abroad, and top-line growth to potentially reach north of \$5M in the next couple of years, we believe that GOHE could emerge as an attractive M&A target. Thus, we rate these shares Speculative Buy.

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Recent Trading History For GOHE

(Source: Stockta.com)



Senior Analyst: Robert Goldman

Rob Goldman founded Goldman Small Cap Research in 2009 and has over 20 years of investment and company



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research experience as a senior research analyst and as a portfolio and mutual fund manager. During his tenure as a sell side analyst, Rob was a senior member of Piper Jaffray's Technology and Communications teams. Prior to joining Piper, Rob led Josephthal & Co.'s Washington-based Emerging Growth Research Group. In addition to his sell-side experience Rob served as Chief Investment Officer of a boutique investment management firm and Blue and White Investment Management, where he managed Small Cap Growth portfolios and *The Blue and White Fund*.

Analyst Certification

I, Robert Goldman, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report.

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